

Message Text

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PAGE 01 PORT O 02494 241449Z

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ACTION EB-07

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FM AMEMBASSY PORT OF SPAIN
TO SECSTATE WASHDC 9766

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E.O. 11652: N/A
TAGS: EWWT, IBRD, TD
SUBJ: PORT CONGESTION SURCHARGE

REF: STATE 229244

SUMMARY:

MAJOR CAUSE OF PORT CONGESTION IS SHORTAGE OF CARGO-HANDLING EQUIPMENT. DEMANDS ON PORT HAVE INCREASED SUBSTANTIALLY IN 1976, BOTH IN TONNAGE HANDLED AND BECAUSE OF INCREASED USE OF CONTAINERIZATION, AND PORT AUTHORITY HAS BEEN UNABLE TO PROVIDE ADDITIONAL FACILITIES. LABOR PROBLEMS ALSO APPEAR TO BE CONTRIBUTING TO SITUATION. PARTIAL RELIEF CAN BE EXPECTED SOON, BUT NEW CONTAINER TERMINAL WILL NOT BE IN OPERATION UNTIL MID-1977. FOR ECONOMIC REASONS, EMBASSY RECOMMENDS CANCELLATION OF REDUCTION OF SURCHARGE. END SUMMARY.

1. PORT HANDLED 500,000 TONS OF CARGO DURING FIRST SIX MONTHS OF 1976 ALONE, COMPARED WITH 790,000 TONS IN CY 1975. TOTAL FOR YEAR EXPECTED TO APPROXIMATE 900,000 TONS, AN INCREASE OF ALMOST 15 PERCENT. 407 CARGO VESSELS HAD CALLED AT PORT IN FIRST HALF 1976, AS OPPOSED 616 IN CY 1975. CONTAINER TRAFFIC HAS RISEN STEADILY IN RECENT YEARS, FROM 4,000 MOVEMENTS IN 1972 TO AN ESTIMATED
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PAGE 02 PORT O 02494 241449Z

20,000 IN 1976. CONGESTION HAS BEEN AGGRAVATED IN LAST

COUPLE OF MONTHS BY SEASONAL INCREASE OF IMPORTS FOR CHRISTMAS HOLIDAY.

2. CARGO FACILITIES HAVE NOT KEPT PACE WITH INCREASED TRAFFIC. ACCORDING TO HEAD OF LOCAL ENGINEERING FIRM WHICH IS SUPERVISING CURRENT EXPANSION OF PORT FACILITIES (SELWYN/LEE-YOUNG), A MAJOR CAUSE OF DELAY IN PROVIDING ADEQUATE FACILITIES WAS LONG, DRAWN-OUT NEGOTIATIONS WITH WORLD BANK OVER PROPOSED LOAN FOR NEW CONTAINER TERMINAL BEGUN BEFORE OIL BOOM PROVIDED TRINIDAD WITH ALTERNATIVE SOURCES OF FINANCING. ACCORDING TO LEE-YOUNG, WRANGLING OVER SPECIFICATIONS WENT ON FOR OVER TWO YEARS, AND AGREEMENT NEVER WAS REACHED WITH WORLD BANK, A SITUATION HE BLAMED PARTLY ON LACK OF COMPETENCE OF SOME OF WORLD BANK TECHNICIANS SENT TO ANALYZE PROJECT.

3. IN ANY CASE, ADDITIONAL EQUIPMENT HAS NOW BEEN PURCHASED OR ORDERED TO RELIEVE CONGESTION AT EXISTING TERMINALS. THIRTY TRAILERS, ONE CRANE, AND TEN TRACTOR TRUCKS FOR CONTAINERS SHOULD BE IN USE BEFORE END OF MONTH. TENDERS ARE NOW BEING AWARDED FOR AN ADDITIONAL 60 TRAILERS, TWO STRADDLERS, A GANTRY CRANE, AND EIGHT FORKLIFTS. PORT CONTRACTORS HAVE BEEN GIVEN AUTHORITY TO RENT EQUIPMENT IF IT CAN BE FOUND TO GET AROUND LENGTHY TENDER PROCEDURES. WE UNDERSTAND, HOWEVER, THAT A MAJOR DIFFICULTY HAS BEEN LOCATING THE EQUIPMENT TO EITHER PURCHASE OR RENT, AS DELIVERY DATES BEING QUOTED BY SUPPLIERS RANGE FROM THREE TO SIX MONTHS.

4. BIDS HAVE RECENTLY BEEN RECEIVED ON EQUIPMENT FOR NEW CONTAINER TERMINAL, WHICH GOVT WILL NOW FINANCE ITSELF. BECAUSE SOME OF UNITS CANNOT BE OBTAINED IN LESS THAN SIX MONTHS (THIS WAS CONFIRMED TO EMBASSY INDEPENDENTLY BY ONE OF US BIDDERS), AND BECAUSE OF A RECENT STRIKE OF CONSTRUCTION WORKERS WORKING ON SITE, LEE-YOUNG EXPECTS THAT FACILITY WILL BE IN FULL SERVICE AROUND MID-1977.

5. MANAGER OF PORT CONTRACTORS HAS ALSO TOLD EMBASSY THAT HE HAS BEEN HAVING DIFFICULTY WITH LABOR UNIONS WHO HAVE SOME OBJECTIONS TO THE TREND TOWARD CONTAINERIZATION. LIMITED OFFICIAL USE

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PAGE 03 PORT O 02494 241449Z

HE CONSIDERS PROBLEM PARTLY POLITICAL, CAUSED BY A SMALL RADICAL FACTION OF THE DOCK WORKERS' UNION. HE SAID HE HOPED THAT PRIME MINISTER WOULD PERMIT HIM TO TAKE HARDER LINE TOWARD UNIONS AFTER ELECTION (HELD SEPTEMBER 13). HE ALSO COMPLAINED ABOUT SHORTAGE OF MEN TO WORK, A SITUATION WHICH PUZZLES EMBASSY BECAUSE UNEMPLOYMENT IN TRINIDAD IS HIGH.

6. EMBASSY SYMPATHIZES WITH SHIPPING LINES, WHOSE COSTS ARE INEVITABLY INCREASED BY LONG DELAYS IN SECURING BERTHS AND IN OFFLOADING THEIR CARGO. IT CAN ALSO BE ARGUED THAT GOTT WOULD HAVE ACTED SOONER TO ALLEVIATE PROBLEM. PARTLY BECAUSE THE SITUATION HAS NOW BECOME A PUBLIC EMBARRASSMENT TO THE GOVERNMENT, HOWEVER, IT APPEARS TO US THAT EVERY EFFORT IS NOW BEING MADE TO OBTAIN ADDITIONAL EQUIPMENT AS FAST AS CAN REASONABLY BE EXPECTED. EMBASSY IS SERIOUSLY CONCERNED ABOUT INFLATIONARY IMPACT SURCHARGE WILL HAVE ON THIS COUNTRY, WHICH DEPENDS HEAVILY ON IMPORTS FOR BASIC NECESSITIES. FURTHERMORE, WE UNDERSTAND ONLY LINES OPERATING BETWEEN TRINIDAD AND US HAVE APPLIED SURCHARGE, AND EMBASSY IS ALSO CONCERNED ABOUT EFFECT IT WILL HAVE ON COMPETITIVE POSITION OF US VIS-A-VIS EUROPEAN AND OTHER SUPPLIERS. EMBASSY THEREFORE URGES MARITIME COMMISSION TO WORK TOWARD REMOVAL OF SURCHARGE OR FAILING THAT, TO REDUCE IT TO MINIMUM FEASIBLE UNDER EXISTING CONDITIONS.
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